

CHICAGO & ILLINOIS MIDLAND RAILWAY COMPANY  
15TH AND NORTH GRAND AVENUE EAST  
SPRINGFIELD, ILLINOIS 62705

(2)  
NEW NO  
\$15

December 21, 1989

Secretary  
Interstate Commerce Commission  
Washington, DC 20423

16665  
RECORDATION NO \_\_\_\_\_ FILED 1425

DEC 22 1989 -12 35 PM

Dear Sir:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of 49 U.S.C. §11303(a) and the regulations thereunder, are the original and one counterpart of a Security Agreement between Chicago & Illinois Midland Railway Company ("Debtor") and Northwestern National Life Insurance Company, Northern Life Insurance Company and The North Atlantic Life Insurance Company of America (collectively, the "Secured Parties"), a primary document dated December 21, 1989.

The names and addresses of the parties to the enclosed document are as follows:

Debtor: Chicago & Illinois Midland  
Railway Company  
Post Office Box 139  
Springfield, IL 62705

Secured  
Parties: Northwestern National Life  
Insurance Company  
c/o Washington Square Capital, Inc.  
1500 Northstar West  
625 Marquette Avenue South  
Minneapolis, MN 55402

Northern Life Insurance Company  
c/o Washington Square Capital, Inc.  
1500 Northstar West  
625 Marquette Avenue South  
Minneapolis, MN 55402

The North Atlantic Life Insurance  
Company of America  
c/o Washington Square Capital, Inc.  
1500 Northstar West  
625 Marquette Avenue South  
Minneapolis, MN 55402

*Handwritten signature: C.T. Hayden*

Included in the property covered by the aforesaid Security agreement are all railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by the Chicago & Illinois Midland Railway Company at the date of said Security Agreement or thereafter acquired by it or its successor.

Please return the original of the enclosed documents to Daniel J. Amen, Faegre & Benson, 2200 Norwest Center, 90 South Seventh Street, Minneapolis, MN 55402, or to the bearer hereof.

Also enclosed is a remittance in the amount of \$15.00 for the required recording fees.

A short summary of the document to appear in the index follows:

Security Agreement between the Chicago & Illinois Midland Railway Company, an Illinois railroad corporation ("Debtor"), and Northwestern National Life Insurance Company, Northern Life Insurance Company of America and The North Atlantic Life Insurance Company of America (collectively, the "Secured Parties"), 1500 Northstar West, 625 Marquette Avenue South, Minneapolis, Minnesota 55402, dated December 21, 1989, relating to the following equipment, inter alia, all railroad cars, locomotives and other rolling stock of the Debtor whether now owned or hereafter acquired, including, without limitation, the equipment described in Appendix A to the Security Agreement.

Very truly yours,

CHICAGO & ILLINOIS MIDLAND  
RAILWAY COMPANY

By: \_\_\_\_\_

Benny L. Stern  
President

**Interstate Commerce Commission**  
Washington, D.C. 20423

12/22/89

OFFICE OF THE SECRETARY

George L. Stern  
Chicago & Illinois Midland Railway Co,  
15th & North Grand Avenue East  
Springfield, Illinois 62705

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/22/89 at 12:35pm and assigned recordation number(s). 15416-B, 16665, 16666

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

16665

RECORDATION NO. \_\_\_\_\_ FILED 1425

DEC 22 1989 - 12 25 PM

## SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

AGREEMENT made as of this 21st day of December, 1989, by and among CHICAGO & ILLINOIS MIDLAND RAILWAY COMPANY, an Illinois railroad corporation ("Debtor"), NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY ("Northwestern"), NORTHERN LIFE INSURANCE COMPANY ("Northern") and THE NORTH ATLANTIC LIFE INSURANCE COMPANY OF AMERICA ("North Atlantic" and, together with Northwestern and Northern sometimes collectively called the "Secured Parties" and individually called a "Secured Party").

In order to secure (i) the payment of that certain Senior Secured Credit Note of Debtor of even date herewith payable to Northwestern or registered assigns in the principal amount of up to \$10,000,000 with interest thereon, that certain Senior Secured Bridge Note of Debtor of even date herewith payable to Northwestern or registered assigns in the principal amount of \$5,500,000 with interest thereon, that certain Senior Secured Bridge Note of Debtor of event date herewith payable to Northern or registered assigns in the principal amount of \$5,000,000 with interest thereon, and that certain Senior Secured Bridge Note of Debtor of even date herewith payable to North Atlantic or registered assigns in the principal amount of \$1,500,000 with interest thereon (which promissory notes, together with any note or notes issued in substitution therefor, are herein collectively called the "Notes" and individually called a "Note"), issued pursuant to the terms of that certain Credit and Bridge Note Purchase Agreement dated as of December 21, 1989 among QF, Ltd., the Debtor, as successor in interest to QF Finance, Ltd., and Secured Parties (as the same may be from time to time amended, hereinafter called the "Note Purchase Agreement"), and (ii) the payment and performance of each and every other debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Parties, or any of them, which arises under or is evidenced by this Agreement, the Note Purchase Agreement or any other document or instrument delivered in connection therewith (the Notes and all such other debts, liabilities and obligations are herein collectively referred to as the "Obligations"), the parties hereto hereby agree as follows:

1. Security Interest and Collateral. In order to secure the payment and performance of the Obligations, Debtor hereby grants Secured Parties, and each of them, a Security Interest (herein called the "Security Interest") in the following property (herein called the "Collateral"):

(a) EQUIPMENT:

All railroad equipment, including without limitation all rolling stock, locomotives, cabooses, bulkhead flat cars, refrigerated boxcars, open-top hopper cars, woodrack cars, covered hopper cars, gondola cars, woodchip hopper cars, maintenance of way equipment, any other rail cars ("Rolling Stock") together with all accessories, equipment, parts and appurtenances appertaining or attached to such car (including, but not limited to the equipment described in Appendix A attached hereto), and rails, ties and capital improvements thereon, and all other equipment of Debtor, whether now owned or hereafter acquired;

(b) INVENTORY:

All inventory of Debtor, whether now owned or hereafter acquired;

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT:

Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts and contract rights of Debtor; and

(d) CONTRACT RIGHTS:

All rights, title and interest of Debtor in and to any and all contracts, agreements, licenses and permits to which Debtor now or hereafter is a party or which relate to Debtor's business (including any warranties or indemnities contained therein), including without limitation any agreements with other operating railroads pursuant to which rights of passage over tracks are granted and the contracts and agreements listed on Appendix B hereto;

(e) GENERAL INTANGIBLES:

All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, tradenames, customer lists, permits and franchises, and the right to use Debtor's name;

All of the above together with all substitutions and replacements for any of the foregoing property and proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with (i) all accessories, attachments, parts, equipment, accessions and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. Representations, Warranties and Agreements.  
Debtor represents, warrants and agrees that:

- (a) Debtor is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. This Agreement has been duly and validly authorized by all necessary corporate action.
- (b) The Collateral will be used primarily for business purposes.
- (c) If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is described in Appendix A attached to the Mortgage (as defined in the Note Purchase Agreement) and the name of the record owner is as set forth in the Mortgage.
- (d) Debtor's chief place of business is and will continue to be located at the address shown on Appendix C. Debtor's records concerning its accounts and contract rights are kept at such address.
- (e) Debtor represents that the Rolling Stock listed on Appendix A hereto constitutes all of the Rolling Stock which the Company owns or leases.

3. Additional Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

- (a) Except as otherwise provided in the Note Purchase Agreement and Appendix C hereto, Debtor has (or will

have at the time Debtor acquires rights in Collateral hereafter arising) and will maintain absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest, and will defend the Collateral against all claims or demands of all persons other than Secured Parties, and parties acquiring security interests, liens and encumbrances permitted by the Note Purchase Agreement. Except as otherwise provided in the Note Purchase Agreement, Debtor will not sell or otherwise dispose of the Collateral or any interest therein; provided, however, that, until the occurrence of an Event of Default under Section 7 and the revocation by Secured Parties, or any of them, of Debtor's right to do so, Debtor may sell any inventory constituting Collateral to buyers in the ordinary course of business.

- (b) Debtor will not permit any tangible Collateral to be located in any state (and, if county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed.
- (c) All rights to payment and all instruments, documents, chattel papers and other agreements constituting or evidencing Collateral are (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of each account debtor or other obligor named therein or in Debtor's records pertaining thereto as being obligated to pay such obligation. Debtor will not agree to any modification, amendment or cancellation (other than modifications, amendments and cancellations arising in the ordinary course of business which will not individually or in the aggregate have a material adverse effect on business or financial conditions of the Debtor) of any such obligation without Secured Parties' prior written consent, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.
- (d) Debtor will (i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof; (ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection

or continuance of the Security Interest; (iii) except as otherwise provided in the Note Purchase Agreement, keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest and those items listed on Appendix C hereto; (iv) at all reasonable times, permit Secured Parties or their representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy Debtor's books and records pertaining to the Collateral and its business and financial condition; (v) keep accurate and complete records pertaining to the Collateral and pertaining to Debtor's business and financial condition and submit to Secured Parties such periodic reports concerning the Collateral and Debtor's business and financial condition as any Secured Party may from time to time reasonably request; (vi) promptly notify Secured Parties of any loss of or material damage to any Collateral or of any adverse change, known to Debtor, in the prospect of payment of any sums due on or under any instrument, chattel paper, account or contract right constituting Collateral; (vii) if Secured Parties at any time so request (whether the request is made before or after the occurrence of an Event of Default under Section 7), promptly deliver to Secured Parties any instrument, document or chattel paper constituting Collateral, duly endorsed or assigned by Debtor to Secured Parties; (viii) at all times keep all tangible Collateral insured against such risks and in such amounts as required by the Note Purchase Agreement, with loss payable as provided in the Note Purchase Agreement; (ix) from time to time execute such financing statements, supplemental security agreements and other documents and agreements as any Secured Party may reasonably deem required to be filed in order to perfect the Security Interest and, if any Collateral is covered by a certificate of title, execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse Secured Parties on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Parties, or any of them, in connection with the creation, perfection, satisfaction or enforcement of the Security Interest or the execution or creation, continuance or enforcement of this Agreement or any or all of the Obligations; (xi) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which Secured Parties, or any of them, may at any time



reasonably request in order to secure, protect, perfect or enforce the Security Interest and Secured Parties' rights under this Agreement; (xii) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; (xiii) not permit any tangible Collateral to become part of or to be affixed to any real property, without first assuring to the reasonable satisfaction of Secured Parties that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein; (xiv) not change any markings or serial numbers on any of the Rolling Stock listed in Appendix A until after the Debtor has given notice in writing to the Secured Parties of its intention to make such change; (xv) notify the Secured Parties of any other Rolling Stock which it acquires or leases, and shall comply with its obligation under clauses (ix) and (xi) of this Section 3(d) as it pertains to that Collateral. If Debtor at any time fails to perform or observe any agreement contained in this Section 3(d), and if such failure shall continue for a period of ten calendar days after Secured Parties, or any of them, give Debtor written notice thereof (or, in the case of the agreements contained in clauses (viii) and (ix) of this Section 3(d), immediately upon the occurrence of such failure, without notice or lapse of time), each Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at the option of the Secured Parties, or any of them, in the name of the Secured Party taking the action) and may (but need not) take any and all other actions which Secured Parties, or any of them, may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall thereupon pay to each Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by such Secured Party in connection with or

as a result of its performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by such Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by Secured Parties of such agreements of Debtor, Debtor hereby irrevocably appoints (which appointment is coupled with an interest) each Secured Party, or its delegate, as the attorney-in-fact of Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor under this Section 3.

4. Lock Box, Collateral Account. If Secured Parties so request at any time after the occurrence of an Event of Default, Debtor will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Secured Parties. Debtor hereby authorizes and directs Secured Parties to deposit into a special collateral account to be established and maintained by Secured Parties all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At their option, Secured Parties may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations, in such order of application as Secured Parties may determine, or permit Debtor to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, Debtor agrees that it will promptly deliver to a Secured Party, for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to a Secured Party in the form received (except for Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by Debtor shall be held in trust by Debtor for and as the property of Secured Parties and shall not be commingled with any funds or property of Debtor.

5. Collection Rights of Secured Party. Whether or not Secured Parties exercise their rights under Section 4 of this Agreement, Secured Parties may, at any time after the occurrence of an Event of Default under Section 7, notify any account debtor, or any other person obligated to pay any amount due, that such right to payment has been assigned or transferred to Secured Parties for security and shall be paid directly to

Secured Parties. If Secured Parties so request at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable directly to Secured Parties. At any time after they or Debtor give such notice to an account debtor or other obligor, each Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

6. Assignment of Insurance. Debtor hereby assigns to Secured Parties, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral. The Debtor shall maintain insurance coverage with respect to the Collateral and take any of the actions necessary to comply with the requirements of paragraph 12 of the Note Purchase Agreement. The proceeds of any such insurance shall be payable to such persons, and applied in such manner, as set forth in paragraph 12 and 13 of the Note Purchase Agreement.

7. Events of Default. Each of the following occurrences shall constitute an Event of Default: (a) default shall be made in the punctual payment of the principal of any Obligation or any installment thereof; or (b) default shall be made in the punctual payment of any interest on any Obligation and such default shall have continued for a period of three days; or (c) default shall be made in the performance or observance of any of the terms, covenants or conditions of this Agreement and such default shall continue for a period of thirty days after written notice thereof shall have been given by Secured Parties, or any of them, to Debtor; or (d) any representation or warranty contained in this Agreement or in any other document supplied to Secured Parties by Debtor proves to be false when made; or (e) there shall occur any other Event of Default under the Note Purchase Agreement.

8. Remedies after Event of Default. Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Parties, and any of them, may exercise any one or more of the following rights or remedies: (i) at the option of the Secured Party or Secured Parties holding at least two-thirds of the principal amount of the Notes then outstanding, by notice in writing to Debtor, (A) terminate its or their obligation, if any, to make Revolving Loans pursuant to paragraph 2(a) of the Note Purchase Agreement and (B) declare

all unmatured Obligations to be forthwith due and payable and thereupon all Obligations shall be and become due and payable; (ii) exercise and enforce any or all rights and remedies available after default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives); the right to sell, lease or otherwise dispose of any or all of the Collateral; and the right to require Debtor to assemble the Collateral and make it available to Secured Parties at a place to be designated by Secured Parties which is reasonably convenient to Debtor and Secured Parties; it being expressly understood and agreed that if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action; and (iii) exercise or enforce any or all other rights or remedies available to Secured Parties, or any of them, by law or agreement against the Collateral, against Debtor or against any other person or property.

9. Other Personal Property. If at the time Secured Parties, or any of them, take possession of any tangible Collateral, any goods, papers or other properties of Debtor, not affixed to or constituting a part of such Collateral, are located or to be found upon or within such Collateral, Debtor agrees to notify Secured Parties or Secured Party, as the case may be, in writing of that fact, describing the property so located or to be found, within 7 calendar days after the date on which the Secured Parties or Secured Party took possession. Unless and until a Secured Party receives such notice from Debtor, such Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of such Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge of the fact that it was located or to be found upon such Collateral.

10. Miscellaneous. This Agreement does not contemplate a sale of accounts, contract rights or chattel paper, and, as provided by law, Debtor is entitled to any surplus and shall remain liable for any deficiency. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by all Secured Parties. A waiver signed by Secured Parties shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or

enforcement of any of the rights or remedies of the Secured Parties. All rights and remedies of the Secured Parties shall be cumulative and may be exercised singularly or concurrently, by the Secured Parties, or any of them, at the option of the Secured Parties or Secured Party, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if mailed by registered or certified mail, postage prepaid, or delivered to Debtor at its address shown on Appendix A hereto or at the most recent address shown on a Secured Party's records. A Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if the Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Parties shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Parties and their respective representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Parties, and Debtor waives notice of Secured Parties' acceptance hereof. Secured Parties may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Parties, or any of them, to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. Except to the extent otherwise required by law, this Agreement shall be governed by the internal laws of the State of Minnesota and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state (including but not limited to the terms "inventory", "equipment", "instrument", "document", "chattel paper", "account", "contract right", and "account debtor"), shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

11. Priority of Secured Parties. By accepting this Agreement, Secured Parties, and each of them, agree (i) that they shall rank pari passu with respect to the Security Interest, notwithstanding the order of attachment or perfection of the Security Interest as to each Secured Party, and (ii) that upon any foreclosure sale or other disposition of or realization in any manner upon all or any part of the Collateral, after deducting all expenses of enforcement, including without limitation attorneys' fees, Northwestern, Northern and North Atlantic shall be entitled to share in the resulting income pertaining to and the proceeds of such foreclosure, sale, other disposition of or other realization upon the Collateral pro rata in that proportion which the outstanding principal amount of the Obligations of Debtor to the respective Secured Parties bears to the aggregate outstanding principal amount of the Obligations to the Secured Parties, taken as a whole.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Debtor:

CHICAGO & ILLINOIS MIDLAND  
RAILWAY COMPANY

By 

Its Chairman of the Board

Secured Parties:

NORTHWESTERN NATIONAL LIFE  
INSURANCE COMPANY

By 

Its GARY L. JACOBSON  
Authorized Representative

NORTHERN LIFE INSURANCE COMPANY

By 

Its Gary L. Jacobson  
Assistant Treasurer

THE NORTH ATLANTIC LIFE INSURANCE  
COMPANY OF AMERICA

By 

Its Gary L. Jacobson  
Assistant Treasurer

0282R

## ACKNOWLEDGMENT

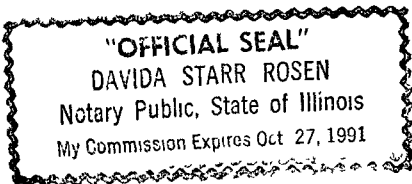
STATE OF ILLINOIS) ) ss.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Richard F. Tanscan, personally known to me to be the CHAIRMAN OF BD. of Chicago & Illinois Midland Railway Company, an Illinois railroad corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such CHAIRMAN OF BD., he signed and delivered such instrument and caused ~~the corporate seal of such corporation to be affixed thereto,~~ as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21<sup>st</sup> day  
of December, 1989

Nauida Starr Casen  
Notary Public

My Commission Expires:



(Notarial Seal)

0282R

## ACKNOWLEDGMENT

STATE OF ILLINOIS) ss.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that GARY L. JACOBSON, personally known to me to be the AUTHORIZED REP. of Northwestern National Life Insurance Company, a Minnesota corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such AUTHORIZED REP., he signed and delivered such instrument and ~~caused the corporate seal of such corporation to be affixed thereto,~~ as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21<sup>st</sup> day  
of December, 1989

**"OFFICIAL SEAL"**  
DAVIDA STARR ROSEN  
Notary Public, State of Illinois  
My Commission Expires Oct 27, 1991

David Starr Casen  
Notary Public

My Commission Expires:

(Notarial Seal)

0282R



## ACKNOWLEDGMENT

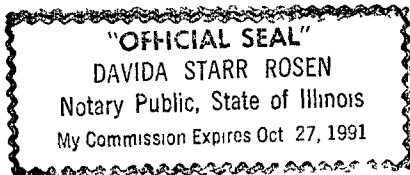
STATE OF ILLINOIS) )  
COUNTY OF COOK ) ss.

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that GARY L. JACOBSON, personally known to me to be the ASST. TREAS. of Northern Life Insurance Company, a Washington corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such ASS'T. TREAS., he signed and delivered such instrument ~~and caused the corporate seal of such corporation to be affixed thereto,~~ as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21<sup>st</sup> day  
of December, 1989

David Starr Case  
Notary Public

My Commission Expires:



(Notarial Seal)

## ACKNOWLEDGMENT

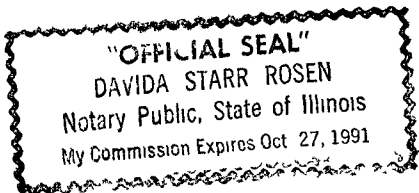
STATE OF ILLINOIS) )  
COUNTY OF COOK ) ss.

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that GARY L. JACOBSON, personally known to me to be the ASS'T. TREAS. of The North Atlantic Life Insurance Company of America, a New York corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such ASS'T. TREAS., he signed and delivered such instrument ~~and caused the corporate seal of such corporation to be affixed thereto,~~ as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21<sup>st</sup> day  
of December, 1989

Nauida Starr Rosen  
Notary Public

My Commission Expires:



(Notarial Seal)

0282R

DESCRIPTION OF RAILCARS

Type of Car	Quantity	Lessee	Lease Date	Term(Years)	CIM Car Numbers
Box	7	Solomon Grinding Chem Service, Inc.	May 24, 1989	60 days*	1001, 1002, 1003, 1004, 1005, 1006, 1010
Gondola	110	Transportation Equipment, Inc.	August 15, 1988	2 years	See Part I of Attached Schedule
Gondola	23	Not on Lease	N/A	N/A	See Part II of Attached Schedule
36' 7 1/4" Caboose	6	Not on Lease	N/A	N/A	71, 72, 73, 74, 75, 76
35'10" Open Ballast Car	7	Not on Lease	N/A	N/A	2050, 2051, 2052, 2053, 2054, 2055, 2056
Locomotives	18	Not on Lease	N/A	N/A	18, 20, 21, 22, 23, 30, 31, 50, 52, 54, 60, 61, 70, 71, 72, 73, 74, 75

\*Lease has been extended and  
will expire 1/18/90

# APPENDIX A Continued

## SCHEDULE TO DESCRIPTION OF RAILCARS

### Part I:

8083	8318	8413	8508	9510
8229	8319	8419	8510	9511
8246	8321	9420	8512	9512
8251	8325	8423	8516	9513
8252	8326	8425	8517	9514
8254	8329	8429	8520	9516
8259	8330	8431	8533	9517
8260	8334	8441	8534	9518
8262	8337	8447	8536	9519
8265	8347	8449	8537	9520
8270	8349	8457	8538	9522
8272	8350	8458	8544	9523
8280	8355	8465	8553	9525
8284	8356	8466	9500	9526
8295	8362	8470	9501	9529
8303	8375	8475	9502	9530
8306	8384	8480	9503	9531
8308	8385	8483	9504	9532
8309	8392	8494	9505	9534
8310	8393	8501	9506	9535
8311	8402	8503	9508	9536
8312	8404	8504	9509	9537

### Part II:

8248	8302	8397	8438	8521
8250	8328	8398	8446	8523
8296	8339	8408	8451	8550
8299	8345	8432	8453	
8301	8363	8433	8496	

# APPENDIX A Continued

## DESCRIPTION OF MAINTENANCE OF WAY EQUIPMENT

<u>Type of Car</u>	<u>Quantity</u>	<u>CIM Car Numbers</u>
Gondola (Material Car)	6	34, 75, 90, 91, 92, 96
Gondola (Boom Car)	1	85
Box (Material)	2	119, 120
30 Ton Cap (Brown Hoist Crane)	1	46
Flat Car (Material)	1	121
Side Dump	2	201, 202
Crane	2	046, 085

APPENDIX A Continued

DESCRIPTION OF MAINTENANCE OF WAY EQUIPMENT

Type of Equipment	Quantity	Manufacturer	Model/Serial #	Company Location No.
Push Car	5	Fairbanks Morse Co.	4	P-5, 15, 22, 25, 26
Push Car	3	Fairmont Railway Motors	TT1	P-33, 36, 37
Push Car	2	Safetran	Model 500	P-41, 42
Motor Car	4	Fairmont Railway Company	MT-14 Serial #201917 M-19 Serial #220657 A-3 Series D Serial #220576 A-3 Series E Serial #224743	M72  M75 M76 M77
Little Giant Crane	1	Little Giant	Model 32R Serial #328121	112
Speed Swing	1	Pettibone	Model 441-B Serial #2240	92
Derrick Car	1	Fairmont	Model W-63 Serial #194763	17

# APPENDIX A Continued

## DESCRIPTION OF MAINTENANCE OF WAY EQUIPMENT

Type of Equipment	Quantity	Manufacturer	Model/Serial #	Company Location No.
Ballast Equalizer	1	Tamper	Model BEB-17 Serial #1772857	TT61
Switch Electronic Tamper Mark I	1	Tamper	Serial #1074507	TT62
Tamper, SW & Prod.	1	Jackson Vibrators, Inc.	Model 2300 Serial #5034-7001	T38
Tie Crane	1	Kershaw	Model TC-C2 Serial #2D-25382	T46

## APPENDIX B

1. Service Assurance Agreement between C&I and Commonwealth Edison dated December 21, 1987
2. Coal Transportation Agreement between Commonwealth Edison, Burlington, Peoria and Pekin dated January 28, 1987 and First Amendment dated June 23, 1988
3. Rail Transportation Contract among Union Pacific, C and NW, Peoria and Pekin Union, C&I and Commonwealth Edison dated December 29, 1987
4. Operating Agreement for Havana Coal Transfer Plant (1947)
5. Easement between Company and Pillsbury Mills, Inc. (July 15, 1947); License with Pillsbury Mills (October 19, 1954); Transportation Contract with Pillsbury Mills (August 24, 1988); Average Demurrage Agreement (September 9, 1958)
6. Letter Agreement dated March 17, 1987 with Universal Granule; Average Demurrage Agreement with Universal Granule dated April 22, 1986.
7. Transportation Contract dated May 24, 1988 between AZCON, C, M & W Railway and C&I
8. Transportation Contract dated July 15, 1988 between David J. Joseph Company, C M & W Railway and C&I
9. Transportation Contract dated July 28, 1988 between National Material Trading, C, M & W Railway and C&I
10. Transportation Contract (undated) between Messmer & Associates, C, M & W Railway and C&I
11. Rail Transportation Contract dated July 10, 1988 between Flambeau Paper Company, Wisconsin Central, Ltd., C&I and Northwestern Transportation Co. and Rail Transportation Contract dated July 21, 1988 between Farmland Industries, Miss. Pacific. RR Co., CM&W Railway Company and C&I.
12. Professional Services Agreement between C&I and Randolph & Associates, Inc. dated August 22, 1989.



13. Contract for training locomotive engineers between C&I and Canac dated October 5, 1989.
14. General Motors Lease Agreements.
15. Lease of 110 100-ton Gondola cars to Transportation Equipment, Inc.
16. Letter Agreements with Pillsbury Mills dated April 23, 1957 and April 22, 1957; License dated March 17, 1987.
17. Lease with Universal Granule dated November 25, 1986.
18. License with Universal Granule dated November 15, 1986.
19. Asset Purchase Agreement between C&I and IMT dated December 21, 1987.
20. C&IM and Wabash Railroad Co. Trackage Agreement dated January 1, 1930.
21. C&IM and Baltimore Company Agreement dated July 1, 1940.
22. Trackage Agreement between Illinois Central Railroad Company and C&I dated March 17, 1926 and Supplemented July 1, 1988
23. Joint Turnout Agreement with Illinois Central Gulf Railway
24. Agreement with St. John's Employee Service Center
25. Electric Service Agreement dated July 28, 1965
26. Lease with Universal Granule dated November 25, 1985.
27. License with Star Midwest Cablevision dated May 1, 1989.
28. Agreement with Bordon Chemical and Plastics

29. Gas Easement to Central Illinois Light Company
30. Letter Agreement with ITEL
31. Box Car Lease with Solomon Grinding.

INTERCHANGE AGREEMENTS:

32. Pillsbury Company (8/28/89)
33. Iowa Interstate Railroad (1/18/89) and Intermountain Orient (2/1/89)
34. Atchison, Topeka and Santa Fe (10/1/86)
35. Chicago & Northwestern (12/12/88)
36. Soo Line (8/18/88)
37. Peoria & Pekin (10/14/88)
38. Iowa Interstate Railroad (11/30/88)
39. Chicago and Northwestern Transportation Co. (12/24/88)
40. Chicago and Northwestern Transportation Co. (8/31/88)
41. Chicago and Northwestern Transportation Co. (6/5/86)
42. Chicago Missouri and Western Railway (6/24/88)
43. Chicago Northwestern Transportation Co. (8/6/85).
44. Chicago Missouri and Western Railway (1/12/88)
45. Pillsbury Company (8/26/88).
46. Chicago Missouri and Western Railway (6/2/88).
47. Illinois Central Gulf (5/1/84).
48. Illinois Central Gulf (8/5/86).
49. Illinois Central Gulf (12/30/86).

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## APPENDIX C

### I. Principal Place of Business

Chicago and Illinois Midland Railway Company, 15th &  
North Grand Avenue East, Springfield, Illinois 62702

### II. Permitted Encumbrances

1. Encumbrance created by the Lease of 110 100-ton Gondola Cars to Transportation Equipment, Inc.
2. Encumbrance created by the Box Car Lease with Solomon Grinding Chem Service, Inc.
3. Encumbrance created by Contract to purchase Motorola communications equipment assigned to Associates Capital Services Corporation (Financing Statement Nos. 2228447 and 2358172 filed with the Secretary of State of Illinois).

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